



PERSONNEL AND
READINESS
DTMO

Allowances Branch

OFFICE OF THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, D.C. 20301-4000

1 September 2009

MEMORANDUM FOR THE RECORD

SUBJECT: Spendable Income (SI) Table FY 2010

Introduction

The Overseas Cost-of-Living Allowance (COLA) is calculated based on a Service Member's proportion of spendable income used to purchase COLA goods and services. Spendable income is equal to total Regular Military Compensation (RMC) minus housing, taxes, savings, life insurance, gifts, and cash contributions. It varies from member to member based on pay grade, number of dependents, and years of service.

The 1 October 2009 Spendable Income Table is complete for FY 2010 (see Attachment 1). The Bureau of Labor Statistics (BLS) Tables 2 Income Before Taxes and Table 2302 Higher Income before taxes: Average Annual Expenditures and Characteristics, Consumer Expenditure Survey Data 2007 were used in the calculation of the new FY 2010 SI Table.

Calculation of the new FY 2010 Annual Spendable Income table resulted in higher annual Spendable Income compared to the FY 2009 data for all levels of compensation (Attachment 2). The primary reason for the increase in Spendable Income is that overall expenditures for Cash Contributions or Personal Insurance have decreased for every income level. See Attachment 5 for a comparison of FY 10 and FY 09 expenditures by income level and further discussion below.

When implemented, the FY 2010 Annual Spendable Income table will result in a slight increase in monthly COLA payments for all paygrades (see Attachment 4). For example an E6 with 3 dependents assigned to Full Support Locations in Germany would experience a \$33 per month increase in COLA dollars.

Methodology:

Since 1999, the methodology for calculating the spendable income table has remained unchanged. BLS Tables 2 and 2301 are used to determine average expenditures for COLA and non-COLA items for a series of income ranges. A regression analysis of extracted income and expenditure data produces the spendable income table. The income ranges of \$20,000 to \$150,000 are used to accurately reflect the actual compensation of US Service Members.

Discussion

Spendable incomes increased for all income ranges and all family sizes for FY 2010, compared to FY 2009 data. Attachment 2 is a comparison of FY 2009 and FY 2010 spendable income tables.

Annual compensation continues to increase each year and income before taxes has remained relatively constant. However, compared to FY 2010, average annual expenditures for COLA goods and services have increased, causing spendable income to increase. The primary reason for the increase is that cash contributions or personal insurance have decreased for all income levels. See Attachment 5 for a Comparison of Expenditures for FY 2009 and FY 2010 for various income levels.

The increase of Annual Spendable Income will result in slightly higher monthly COLA payments for Service members. Attachment 4 illustrates the difference in Monthly COLA payments for an E6 and O4 with 3 dependents at various COLA indices. For the E-6 with 3 dependents, the increases range from \$5.51 per month for a COLA index of 104 (Egypt) to \$115 per month for a COLA index of 184 (France). For the O-4, the increases range from \$8.61 to \$180.83 for the same COLA indices.



Roy Sammarco

Chief, Economics and Statistics Branch

Attachments:

1. FY 2010 SI Table
2. FY 2009 vs. FY 2010 SI Table Comparison
3. Spendable Income Over the Last 10 Years
4. Spendable Income Effect on COLA Dollars
5. FY 10 and 09 Comparison by Expenditures and Income

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Effective: 1 October 2009

**Cost-of-Living Allowance (COLA)
Average Annual Spendable Income Table
Effective 1 October 2009 (FY 10)**

Annual Compensation	Number of Dependents (Excluding Self)					
	0	1	2	3	4	= or > 5
> 139,000	43,800	49,300	54,800	57,500	63,000	65,700
132,000 - 138,999	41,600	46,800	52,000	54,600	59,800	62,400
125,000 - 131,999	40,100	45,100	50,200	52,700	57,700	60,200
118,000 - 124,999	38,600	43,400	48,200	50,700	55,500	57,900
112,000 - 117,999	37,200	41,800	46,400	48,800	53,400	55,700
106,000 - 111,999	35,800	40,300	44,700	47,000	51,500	53,700
100,000 - 105,999	34,400	38,700	43,000	45,200	49,500	51,600
95,000 - 99,999	33,100	37,300	41,400	43,500	47,600	49,700
90,000 - 94,999	32,000	36,000	39,900	41,900	45,900	47,900
85,000 - 89,999	30,800	34,600	38,500	40,400	44,200	46,100
80,000 - 84,999	29,500	33,200	36,900	38,800	42,500	44,300
75,000 - 79,999	28,300	31,900	35,400	37,200	40,700	42,500
71,000 - 74,999	27,200	30,600	34,000	35,700	39,100	40,800
67,000 - 70,999	26,200	29,500	32,800	34,400	37,700	39,300
63,000 - 66,999	25,200	28,300	31,500	33,100	36,200	37,800
59,000 - 62,999	24,200	27,200	30,200	31,700	34,700	36,300
55,000 - 58,999	23,100	26,000	28,900	30,400	33,300	34,700
51,000 - 54,999	22,100	24,900	27,600	29,000	31,800	33,100
48,000 - 50,999	21,200	23,800	26,500	27,800	30,400	31,800
45,000 - 47,999	20,400	22,900	25,500	26,800	29,300	30,600
42,000 - 44,999	19,600	22,000	24,500	25,700	28,200	29,400
< 41,999	18,800	21,100	23,500	24,700	27,000	28,200

Footnotes:

****Source:**BLS Table 2 & Table 2301 Income and Higher Income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Survey Data 2007

Released 2009

**** Rounded to the nearest \$100**